



# KEY FIGURES

Bulletin of economic trends in Europe and summaries 1/99

## Foreword

The annual *inflation rate* for the euro-zone remained stable at 1,0% between September and October 1998. A year earlier the rate was 1,5%. EU15 annual inflation rate fell from 1,2% in September to 1,1% in October. A year earlier the rate was 1,7%.

Euro-zone seasonally-adjusted *unemployment* fell to 10,8% in October from 10,9% in September. This compares to 11,6% in October of both 1997 and 1996. The EU15 rate was 9,8%.

The euro-zone had a *trade surplus* with the rest of the world of ECU 6,6 billion in August. This gave a total surplus of ECU 53,2 billion for January-August, down 2,5 billion on the same period last year. Extra-EU15 trade was ECU 1,3 billion in surplus in August. But there was a surplus of only ECU 9,7 billion in the first eight months compared to ECU 29,2 billion in January-August last year.

EU *interest rates* converged further in November, as several central banks announced rate cuts. The US dollar recovered against EU currencies, ending the month against the Deutschmark at DEM 1,701.

*Government bond yields* continued to fall in October to record low levels. The composite yields for EUR-11 and EU15 declined to 4,25% and 4,46% respectively.

EU *monetary growth* slowed in August, while the longer-term trend remained steady. In the year to August, M1 and M3 of the EU15 grew an estimated 7,8% and 3,9% respectively.

*Foreign official reserves* of the EU15 fell by ECU 5,1 billion in August, to an estimated 360,9 billion. This was despite an increase in EUR-11 reserves of ECU 0,6 billion, to ECU 296,4 billion.

Euro-zone *industrial production* trend was up 0,6% in July to September compared to the previous three months. EU15 rose at 0,2%.

The "Dossier of the month" of this edition is devoted to *High-tech products trade*, *Economic accounts of EU*, and *Unemployment in the urban areas*.

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Unemployment in the urban areas

### European economy at a glance



	Dates	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR-11	EU 15
GDP, seasonally adjusted volume trends, T/T-1 %	11/98	:	0,2	-0,5	:	0,9	0,8	:	0,4	:	0,8	0,8	:	1,1	2,2	0,5	0,3	0,3
GFCF, seasonally adjusted volume trends, T/T-1 %	11/98	:	-5,8	-5,2	:	1,5	1,0	:	0,2	:	-2,3	-0,3	:	2,9	6,0	-1,4	-1,5	-1,2
Private final national consumption volume trends, T/T-1 %	11/98	:	1,5	-0,3	:	0,9	1,1	:	0,0	:	1,2	0,7	:	1,6	0,8	0,4	0,3	0,2
Production index 1995=100 total, seasonally adjusted (1)	09/98	106,6	107,7	108,9	111,9	:	108,8	:	101	107,6	105,3	:	112	122,3	116,9	102,2	109,6	107,9
Consumer price index T/T-12 %	10/98	0,7	1,1*	0,6	4,5	1,6	0,5	2,6	2,1	0,5	1,5p	0,7p	2,5	1,1	0,1*	1,3*	1,0p	1,1p
Conversion rate 1 ECU=... monthly average	11/98	40,4	7,4	2,0	329,1	166,5	6,6	0,8	1938,0	40,4	2,2	13,8	200,8	6,0	9,3	0,7	:	:
Exchange rate 1 USD=... monthly average	11/98	34,7	6,4	1,7	282,7	143,0	5,6	0,7	1664,0	34,7	1,9	11,8	172,4	5,1	8,0	0,6	:	:
Money supply, M1 (*) T/T-12 %	08/98	-1,9	:	4,6	10,1	11,7	8,8	24,0	11,9	:	12,2	7,4	18,0	4,9	:	5,5 (3)	8,6	8,5
Yield on public sector long-term bonds %	10/98	4,3	4,7	4,1	8,5	4,4	4,2	4,4	4,5	4,3	4,1	4,3	4,4	4,5	4,7	5,0	4,3	4,5
Unemployment rate seasonally adjusted %	10/98	8,6	4,2	9,3	:	18,2	11,8	8,6	:	2,2	3,7	4,4	4,5	11,0	7,5	:	10,8	9,8
Extra-EU trade balance Billion ECU	1-8/98	-3,2(2)	0,9	18,8	-2,6	-5,1	7,2	1,9	14,4	-3,2(2)	-23,5	2,4	-2,4	4,7	8,4	-19,9	22,9	9,7
Intra-EU trade balance Billion ECU	1-8/98	12,1(2)	0,1	19,4	-6,3	-5,4	-3,5	9,9	3,5	12,1(2)	30,8	-6,4	-4,2	1,7	1,3	-7,2	:	:

Data in italics are not necessarily for the indicated period but are the latest available (usually the previous month or quarter)

(1) = Excluding construction; (2) = BLEU; (3) = For the UK, MO is a narrow measure; (4) = estimates for EUR-11 and EU15

p = provisional data.; : = data not available

\* = Member States not participating in Stage III of Economic and Monetary Union are not covered by the MUICP.

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**BANQUE DE LUXEMBOURG**

October 1998

**Euro-zone annual inflation stable at 1,0%**

The annual inflation rate<sup>1</sup> for the euro-zone<sup>2</sup> remained stable at 1,0% between September and October 1998. A year earlier the rate was 1,5%.

EU15 annual inflation rate<sup>3</sup> fell from 1,2% in September to 1,1% in October. A year earlier the rate was 1,7%.

Highest annual rates were reported for Greece (4,5%), Ireland (2,6%) and Portugal (2,5%). The lowest rates were in Sweden (0,1%), France and Luxembourg (both 0,5%).

Compared with a month earlier, inflation fell in seven EU Member States, rose in

four and remained stable in four. Compared with a year earlier, the largest relative increases in the rates were in Ireland (0,8% to 2,6%) and Portugal (1,6% to 2,5%) while the largest relative decreases were in Sweden (2,7% to 0,1%) and Luxembourg (1,7% to 0,5%).

For the period ending in October 1998, the lowest 12-month average rates were recorded for France (0,8%), Germany and Austria (both 0,9%), while the highest rates were recorded for Greece (4,7%), Portugal (2,1%), Ireland and Italy (both 2,0%).

For details figures, see table in page 1

1. As measured by the Monetary Union Index of Consumer Prices (MUICP), calculated as a weighted average of the Harmonized Indices of Consumer Prices (HICPs) for participants in Stage III of EMU. The annual rate of inflation is defined as the percentage change resulting from the index number for a particular month divided by the index number for the same month in the previous year.

2. Euro-zone / EUR-11: Member States participating in Phase III of Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

3. As measured by the European Index of Consumer Prices (EICP), calculated as a weighted average of HICPs for EU Member States.

October 1998

**Euro-zone unemployment down to 10,8%**

Euro-zone<sup>1</sup> seasonally-adjusted unemployment fell to 10,8% in October from 10,9% in September. This compares to 11,6% in October of both 1997 and 1996.

The EU15 rate was 9,8%, same as in September when it fell to under 10% for the first time in six years. It was 10,6% in October last year and 10,8% in October 1996.

Lowest unemployment rates were Luxembourg's 2,2% and the Netherlands' 3,7% (both September). Next came Denmark (4,2%), Austria (4,4%) and Portugal (4,5%).

Spain's 18,2% was still by far the EU's highest rate, but down more than two

percentage points on the same month a year ago (20,3%). Big falls over the year were also recorded in Portugal (6,5% to 4,5%) and Sweden (9,5% to 7,5%).

The under-25 rate ranged from over 30% in Spain and Italy to less than 7% in Luxembourg, Denmark, Austria and the Netherlands. EU15-wide it stood at 19,1%, and 21,1% in the euro-zone.

US unemployment was 4,5%; the Japanese rate 4,3% (September).

Eurostat estimates that 14,1 million men and women were jobless in the euro-zone in September with 16,8 million in EU15. These are seasonally-adjusted figures in line with ILO criteria.

<sup>1</sup> Euro-zone / EUR-11: Member States participating in Phase III of Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

Unemployed people according to International Labour Organisation (ILO) criteria are those aged 15 years and over who:

- are without work;

- or are available to start work within the next two weeks;

- and have actively sought employment at some time during the previous four weeks.

The monthly unemployment rate and numbers of unemployed are estimated and based on data from the annual Community Labour Force Survey (LFS), held in spring according to ILO recommendations. These results are interpolated/extrapolated to monthly data using figures from national quarterly surveys and national monthly series on registered unemployment. Estimated rates might differ from national unemployment rates due to differences in methods and definitions of unemployment.

## ECU 6,6 billion euro-zone surplus with rest of the world in August

The euro-zone<sup>1</sup> had a trade surplus with the rest of the world of ECU 6,6 billion in August. This gave a total surplus of ECU 53,2 billion for January-August, down ECU 2,5 billion on the same period last year.

Extra-EU15<sup>2</sup> trade was ECU 1,3 billion in surplus in August. But there was a surplus of only ECU 9,7 billion in the first eight months compared to ECU 29,2 billion in January-August last year.

### Strong trade growth with USA and China

Extra- and intra-trade growth in August was weak for both the euro-zone<sup>1</sup> and EU15, with extra-EU15 exports even falling compared to August 1997.

EU15 trade with USA was well up in the first eight months (+15% for exports and +14% for imports over same period a year earlier). Effects of the situation in Asian financial markets can be seen in a fall in exports to Japan (-14%) and Taiwan (-2%), and the replacement of Hong Kong by the Czech Republic in

the list of main trading partners. However, trade growth with China remains strong (+17% for exports and +16% for imports).

In January-August, Germany still enjoyed the largest surplus (ECU 45,9 billion), while the UK deficit rose strongly to ECU -27,1 billion. Ireland continued to show the strongest growth, and now has the third highest surplus (11,8 billion in January-August).

<sup>1</sup> Euro-zone / EUR-11: Member States participating in Phase III of Economic and Monetary Union (EMU) - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

<sup>2</sup> Extra-EUR-11 trade is trade with all countries outside the euro-zone, including the four Member States not in EMU. All growth rates in this release are calculated in comparison with the same period the previous year.

**Dollar recovers against EU currencies and yen**

The downward trend in official interest rates continued in November, both in the EU and the USA. In further moves towards convergence of interest rates in the euro area, there were rate cuts in Spain, Portugal, and Ireland. Spanish and Portuguese rates moved to new historically low levels, the Spanish repo rate falling to 3,5% and the Portuguese liquidity provision rate to 3,75%. The Irish short-term facility rate was lowered from 5,75% to 4,5%. Meanwhile, Sweden's repo rate was lowered twice in November, ending the month at 3,6%, and Denmark's repo rate was also reduced in two stages to 4,25%. The UK banks' base rate, having reached a peak of 7,5% in mid-year, was cut by 50 basis points to 6,75% in November, following a 25-point cut in October.

For the third month running, the US Federal Reserve lowered interest rates in November. The discount rate and federal funds rate were cut by 25 basis points, to 4,5% and 4,75% respectively. The US dollar strengthened against EU currencies in November, ending the month against the Deutschmark at DEM 1,701. Although this represents a recovery from the 1998 lowpoint of DEM 1,612 (on 16 October), it is still weaker than the dollar's average value for January-November 1998 of DEM 1,767. The dollar also recovered significantly against the Japanese yen in November,

to end the month at JPY 123,0, compared with a lowpoint for the year on 16 October of JPY 113,9 and an average for January-November 1998 of JPY 132,0.

In the ERM, the EUR-11 currencies moved closer to their bilateral central rates in November (these rates will be used in determining the irrevocable conversion rates for the euro on 31 December 1998). The spread between the weakest and strongest EUR-11 currencies narrowed to just 0,1% at the end of the month, from 0,3% a month earlier. In the ERM as a whole, the spread between currencies widened to 7,1% at the end of November, from 5,9% a month earlier, the Greek drachma remaining the strongest currency.

The pound sterling, having depreciated during September and part of October, recovered to DEM 2,802 by the end of November. Its weakest position during the first 11 months of 1998 was 2,735 on 7 October, and its average over this period was DEM 2,925. The Swedish krona weakened during November from SEK 4,72 to 4,824 to the DEM, although this is above its lowpoint for the year of SEK 4,909 on 5 October (its lowest value since 1995). Outside the EU, the Norwegian krone also continued to recover, ending November at NOK 4,401 to the DEM, having reached a lowpoint for the year on 15 October of NOK 4,677.

*Note:*

Exchange rates are as supplied to the European Commission by the Belgian central bank on a daily basis, following concertation among central banks.

ERM = Exchange rate mechanism of the European Monetary System, comprising all of EU apart from the UK and Sweden.

Basis point = 1/100th of a percentage point in interest rates.

EUR-11 (the countries participating in the final phase of EMU from 1 January 1999) = Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, and Finland.

# EUR-11 and EU15 bond yields reached new record lows

## Downward trend continued in October

Long-term interest rates, as measured by government bond yields, continued to fall in the EU in October. The rate of decline was, however, much less than in September, when the EUR-11 and EU15 composite yields fell more than 30 basis points. The EUR-11 yield fell by 2 basis points in October, to 4,25%, while the EU15 yield fell by 4 basis points to 4,46%.

According to data from 1980 onwards, yields on all EU bonds apart from that of Greece were at record low levels in October. The biggest fall (as in September) was in the UK yield, down

17 basis points to 4,99%, although this remained the highest-yielding bond apart from that of Greece, which rose 20 basis points to 8,45%. The lowest yield remained that of Germany, unchanged at 4,06%. The differential in yields of the EUR-11 countries narrowed slightly to 43 basis points.

For the USA, too, the government bond yield reached a record low level in October (on the basis of data since 1980), falling 28 basis points to 4,53%. The Japanese yield, however, rose to 0,85%, from its record low level in September of 0,70%.

Note:

The above-mentioned yields relate to government bonds of around 10 years to maturity.

Data are monthly average except Japan (end month).

EUR-11 and EU15 aggregates are calculated on the basis of GDP weights.

Basis point = 1/100th of a percentage point in interest rates.

## Slower EU monetary growth in August

### Longer-term trend remained steady

In the year to August, the M1 (narrow definition) money supply for the EU15 expanded at a slower rate compared with July, down from 8,5% to an estimated 7,8%. Meanwhile, growth in M3 (broad definition) was almost unchanged, at an estimated 3,9%. At the EUR-11 level, M1 growth showed a similar trend as for EU15, slowing to 7,9%, while growth in M3 also decelerated from 5,1% in July to 4,6%. During the first eight months of 1998 the trend in EU monetary growth has been steady, with M1 mostly keeping within a range of 6,5% - 9%, while M3

has tended to grow in a range of 3% - 6%.

At the Member State level, German M3 growth (measured against the fourth quarter of 1997) was 4,9% in September compared with 4,7% in August, staying well within the Bundesbank's target range for 1998 of 3,5% - 6,5%. Monetary growth in Ireland continues to expand at a fast rate, with M1 increasing by 23,8% and M3E by 16,6% in September. By contrast, M1 grew by 1,0% in Belgium in August, and M3 growth in both Greece and Finland was less than 2% in September.

Note:

Generally, M1 = notes and coin in circulation + bank sight deposits; M2 = M1 + savings deposits + other short-term claims on banks; M3 = M2 + certain placements in a less liquid or longer-term form. For the UK, M0 is a narrow measure and M4 a broad measure. EU15 and EUR-11 series for M1 and M3 are Eurostat estimates.

# Small decline in EU15 reserves in August

## Rise in reserves of the EUR-11

Foreign official reserves of the EU15 fell by ECU 5,1bn between July and August, to an estimated 360,9 billion, and were down 0,2% on a 12-month comparison. Meanwhile, those of the EUR-11 rose by ECU 0,6 billion to an estimated 296,4 billion, representing an increase on the year of 1,7%. One reason for the difference in movement between EU15 and EUR-11 totals in August was a decline of 19,1% (or ECU 2., billion) in Denmark's reserves, to ECU 12,5 billion. Among the EUR-11, Ireland recorded the largest percentage fall in reserves in August, of 10,8% (or ECU 0,9 billion), to ECU 7,3 billion. By contrast, French reserves rose 2,5% on the month (ECU 0,9 billion), to

reach a national record of ECU 36,9 billion. The largest volume of reserves in the EU are held by Germany (ECU 72,0 billion in August). In the year to August, within the EU, the largest increase in reserves in percentage terms was recorded by France (up 39,6%), and the largest fall by Finland (down 18,8% to ECU 7,9 billion).

Japan's reserves (easily the largest in the world) rose slightly in August in ECU terms, to ECU 187,1 billion, but were down 7,9% on the year. Those of the USA rose by 10,7% in the year to August, to ECU 56,1 billion (up ECU 0,8 billion from July).

Note : The definition of foreign official reserves used here excludes gold.

## Industrial production

## Euro-zone industrial production rose 0,6%

Euro-zone<sup>1</sup> industrial production trend<sup>2</sup> was up 0,6% in July to September compared to the previous three months. EU15 rose at 0,2%.

Previous growth - for the three months up to end-August compared to the previous three months - was a revised 0,7% for the euro-zone and 0,3% for EU15. The Euro-zone is still growing, albeit on a lower rate than before. In summer '97 growth on this measure was 1,8%.

In the latest period, strong growth was recorded by Ireland (4,6%) and Greece (2,2%). It fell slightly in Austria, UK and

France (all -0,2%) and in Belgium (-0,5%). Five euro-zone countries had growth of 1,0% or over, while four (Austria, Netherlands, Italy and France) were virtually unchanged.

Seven EU Member States reported lower growth rates than one month earlier (Belgium, Denmark, Germany, France, Netherlands, Austria and the UK), five higher (Greece, Ireland, Italy, Luxembourg and Finland) and three unchanged growth rates (Spain, Sweden and Portugal).

Production trend <sup>2</sup>			
% change April-June to July-September 1998			
<b>Euro-zone</b>	0,6	<b>Denmark</b>	0,9
<b>EU15</b>	0,2	<b>Germany</b>	0,6
<b>Ireland*</b>	4,6	<b>Italy</b>	0,2
<b>Greece*</b>	2,2	<b>Netherlands</b>	0,1
<b>Spain</b>	1,5	<b>France</b>	-0,2
<b>Luxembourg</b>	1,3	<b>Austria*</b>	-0,2
<b>Finland</b>	1,2	<b>UK</b>	-0,2
<b>Portugal*</b>	1,1	<b>Belgium</b>	-0,5
<b>Sweden</b>	1,0		

\*Eurostat estimates

<sup>1</sup> Member States participating in EMU - Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

<sup>2</sup> Production volume of total industry - excluding construction - adjusted for seasonal and one-off fluctuations.

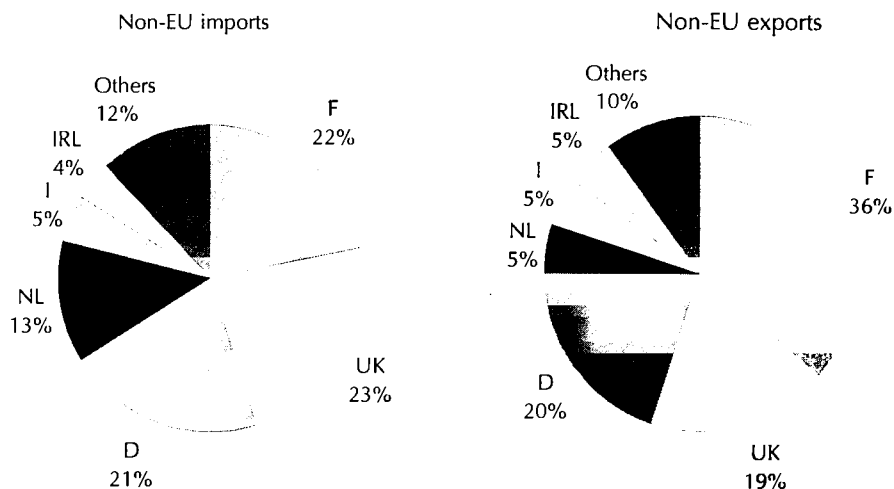
# Dossier of the month

## High-tech goods Reduction in the EU's trade deficit

**Between 1995 and 1997, the EU's external trade in high-tech goods was in the red, but the deficit almost halved over the period, from ECU 18,9 to ECU 9,9 billion**

More than three-fifths of the EU's imports are destined for the United Kingdom, France and Germany (23%, 22% and 21% respectively). Exports of high-tech manufactures are worth ECU 61,6 billion. Three-quarters are accounted for by France (36%), Germany (20%) and the United Kingdom (19%).

The EU's external trade in high-tech goods, 1997 (%)



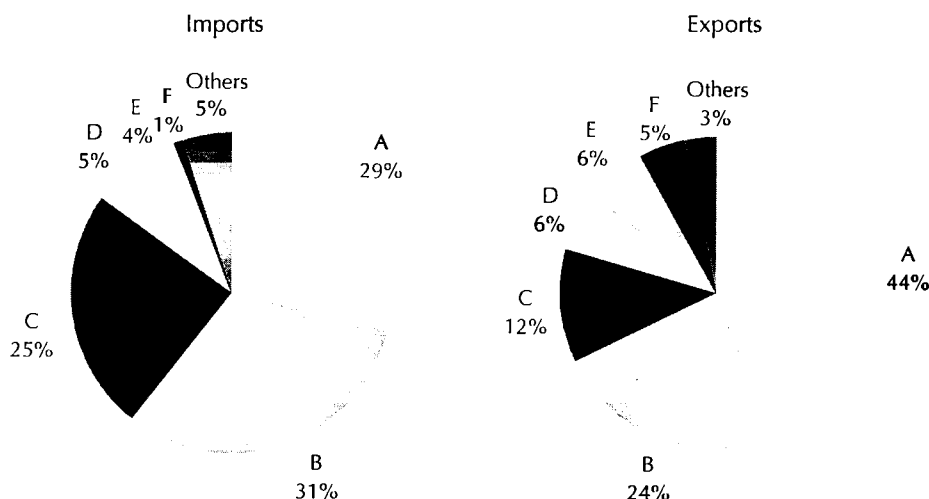
The EU's external trade in high-tech goods, 1997 (billion ECU)

	BLEU	DK	D	EL	E	F	IRL	I	NL	A	P	FIN	S	UK	EU15
Imports	26,6	30,3	25,4	22,6	19,9	27,7	19,1	24,1	23,5	32,5	26,7	15,5	25,5	32,9	23
Exports	29,7	34,3	29,4	20,7	21,9	30,6	19,9	24,6	25,3	31,6	29,7	20,7	32,8	36	28
External balance	-0,8	-0,1	-2,1	-0,20	-0,5	5,2	0,2	-0,2	-6,2	-0,2	-0,2	-0,2	0,1	-4,7	-9,9

**In 1997, the sectors in which the EU recorded its biggest external trade surpluses were the aerospace industry (ECU 6,3 billion) and telecommunications (ECU 2,3 billion)**

Aerospace products make up 44% of the EU's high-tech exports. 31% of its high-tech imports are general electronic goods, 29% aerospace products and 25% computers and office equipment.

Structure of EU trade, by type of good, 1997



Structure of the EU's external trade by type of good, in billion ECU, 1997

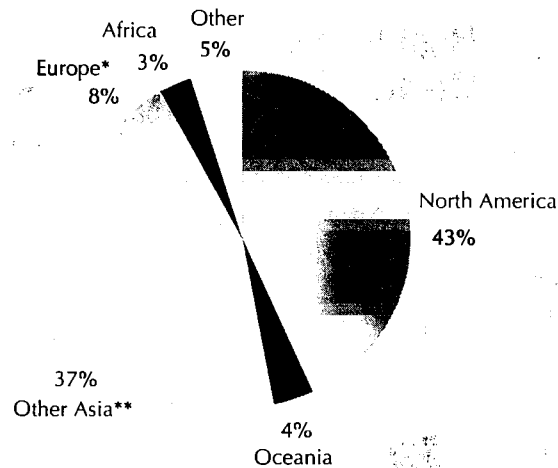
	A	B	C	D	E	F	Others	Total
Exports	27,0	14,7	7,2	3,8	4,0	2,9	2,0	61,6
Imports	20,7	22,5	17,6	3,5	3,1	0,6	3,5	71,5
Balance	6,3	-7,8	-10,4	0,3	0,9	2,3	-1,5	-9,9

A Aerospace products; B General electronic goods; C. Computers and office equipment; D Machinery; E Scientific, medical, optical instruments, prostheses; F Telecommunications.

**43% of the EU's high-tech imports come from North America and 37% from the "Other Asian countries"**

The United States alone supplies the EU with 40% of its imports of high-tech goods, valued at ECU 28,8 billion. In second place is Japan, with ECU 8,3 billion, or 12% of the total.

Sources of EU imports, 1997



Main sources of EU imports, in billion ECU

	1	2	3	4	5	6	7	8	9	10	11	World
1996	23,3	7,5	2,7	2,6	2,5	2,4	1,9	1,9	1,3	1,1	47,1	60,3
1997	28,8	8,3	3,5	3,3	3,0	2,7	2,5	2,0	1,9	1,3	57,3	72,0
Share of total, 1997 (%)	40,3	11,6	4,9	4,7	4,2	3,7	3,5	2,8	2,7	1,8	80,1	100,0

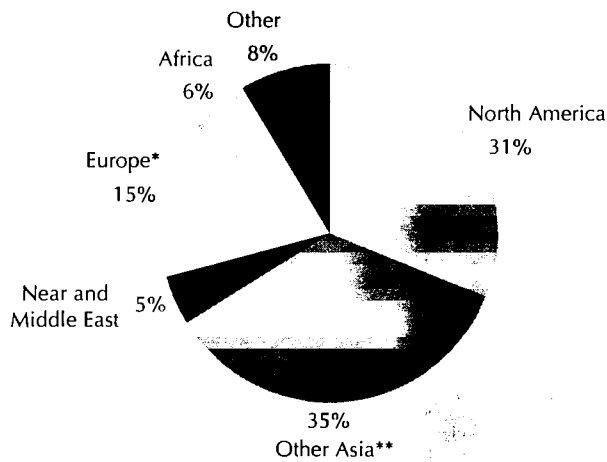


1:USA; 2: Japan; 3: Singapore; 4: Taiwan; 5: Malaysia; 6: Switzerland; 7: South Korea; 8: Canada; 9: China; 10: Hong-kong; 11: Total of these 10  
 \* Other than EU; \*\* Other than Near and Middle East

**In 1997, 33% of the European Union's exports of high-technology manufactures went to North America, 31% to the "Other Asian countries" and 16% to "Other European countries"**

Looking at the EU's exports by country of destination, the United States is the EU's biggest customer, to the tune of ECU 18 billion, or 29,2% of the EU's high-tech exports (13% of its total exports). In second place, albeit far behind, is Switzerland, with ECU 3,3 billion, or 5% of the EU's high-tech exports

Destination of EU exports, 1997



Main customers for EU exports, in billion ECU

	1	2	3	4	5	6	7	8	9	10	11	World
1996	14,5	3,2	2,2	2,3	1,2	1,3	0,9	0,6	1,7	1,8	29,6	52,6
1997	18,0	3,3	2,4	2,4	2,4	2,3	1,8	1,8	1,7	1,7	37,8	61,6
Share of total, 1997 (%)	29,2	5,4	3,9	4,0	3,8	3,7	2,9	2,9	2,8	2,8	61,5	100



1:USA; 2: Switzerland; 3: Japan; 4: Singapore; 5: Canada; 6: China; 7: Taiwan; 8: Philippines; 9: Malaysia; 10: Hong-kong; 11: Total of these 10  
 \* Other than EU; \*\* Other than Near and Middle East

Source: Eurostat, Statistics in Focus: External trade 1998, No 11.



## Which is the EU's 'thriftiest' State? Which candidate countries have seen inflation fall from 1000%?

Answers to these two questions are among thousands of insights into the economies of the EU and Candidate Countries presented in a major publica-

tion - *The economic accounts of the European Union 1997* - from Eurostat, Statistical Office of the European Communities in Luxembourg

### Italians are the 'thriftiest'

The 'thriftiest' Europeans are the Italians. In 1996 Italian households saved<sup>1</sup> the equivalent of ECU 2 710 ECU per person, 50% more than the EU15 average of ECU 1 808. Belgium ranked second with ECU 2 438, 35% above the EU15 average. In third place came the Netherlands (ECU 2 256 - a quarter above the average).

Lowest savings by far were recorded by the Danes. Their figure of ECU 701 was 61% below the EU15 average. Next lowest was Spain's ECU 993, 45% below average. Sweden and Finland also registered low figures - nearly 40% below the average.

Savings per person in what is now the euro-zone were 8% above the EU15 level.

Says report: "By comparison with 1990, Italy and the Netherlands lost some ground on the European average [*in 1990 the Italians saved 85% above the average*], whereas Belgium gained ground.

"France turned around...in that the per capita saving of French households was

[6%] below the European average in 1990 but had risen to some 6% above by 1996."

Germans averaged ECU 1 710 each, 5% below the average; in 1990 their savings were 9% above average.

Eurostat says that although Italians saved more than the rest of us, their disposable income was slightly less than the European average. But the below-average savings of Germans and Danes contrasted with their above-average disposable incomes.

When looked at another way, in terms of the savings ratio (the percentage of gross disposable income represented by saving), Italians still ranked number one with 21,4%. But the Portuguese came second with 19,7%.

In 1996 EU15 households as a whole saved 14% of their disposable income. In comparison with 1990 this represented a fall of -0,6 points - but -1,7 points in the euro-zone.

UK saw the biggest 1990-96 rise in the savings ratio: 5,0 percentage points to nearly 13%.

## 'Thrift' in the EU, 1996

	Gross savings <sup>1</sup> of households per person in ECU	% of EU15 average (EU15 = 100)
Italy	2 710	150
Belgium	2 438	135
Netherlands	2 256	125
Euro-zone	1 948	108
France	1 910	106
EU15	1 808	100
Germany	1 710	95
UK	1 456	81
Portugal	1 373	76
Sweden	1 148	63
Finland	1 118	62
Spain	993	55
Denmark	701	39

No data for Greece, Ireland, Luxembourg & Austria

<sup>1</sup> Gross saving is the amount resulting from current transactions that establishes the link with accumulation. If saving is positive, unspent income is used for the acquisition of assets or for paying off liabilities. If it is negative, certain assets are liquidated or certain liabilities increase. In practice, saving is the balancing item of the use-of-income account, calculated by subtracting consumption from disposable income.

## Inflation tumbles in Candidate Countries

Although analyses refer to specific national situations, the purpose is to draw a profile of the EU, comparing it, where possible, with its main trading partners. In addition to analyses of key economic variables, the publication contains a study of the economic accounts of the Candidate Countries.

Another insight in publication is into inflation in EU Candidate Countries (CCs).

Eurostat describes the dramatic changes that have taken place. "For example, the yearly inflation rate of consumer prices

was more than 1,200% in Slovenia in 1989; and it peaked around 1,000%...for the three Baltic States...in 1992." In addition, the rate neared 600% in Poland in 1990.

But by 1997 five of the 10 CCs (excluding Cyprus) had rates of below 10% and three not hugely more. However, Romania in that year recorded 154,8% and Bulgaria 1 082,3%.

Several CCs had rates close to the EU's highest - Greece (5,5%). The EU average for 1997 was 2,0%.

## Annual inflation in Candidate Countries (excluding Cyprus)

	1990-97 peak	1997
Bulgaria	1 082,3 (1997)	1 082,3
Czech Rep	56,5 (1991)	8,6
Estonia	1 076,0 (1992)	11,2
Hungary	35,0 (1991)	18,4
Latvia	951,2 (1992)	8,4
Lithuania	1 020,8 (1992)	8,9
Poland	585,8 (1990)	15,0
Romania	256,1 (1993)	154,8
Slovakia	61,2 (1991)	6,1
Slovenia	549,7 (1990)	5,0
EU15	5,8 (1990)	2,0

Note: Data based on national CPIs, which are not strictly comparable.

Source: Eurostat News Release No 95/98.

## Big contrasts in EU urban unemployment

Ranges from 2,8% to 30,5%

A report<sup>1</sup> from Eurostat focuses on unemployment in the urban areas of the EU. The findings result from the Labour Force Survey (LFS) conducted in April last year.

The report shows that unemployment for all urban agglomerations<sup>2</sup> in the EU was 11,6%. This average embraces a low of 2,8% in Luxembourg and a high of 30,5% in the urban areas of Spain's Andalucia.

Of the 141 LFS regions with urban areas comprising one or more urban agglomerations, and for which available figures are sufficiently reliable, 13 stand out with 5,5% unemployment (half the EU average) or less. Eight are in the Benelux countries and three in Austria.

At the other end of the scale are over a dozen where the jobless rate is around or significantly more than twice the EU urban average. These are concentrated mainly in Italy and Spain.

The report states: "In general, unemployment is rife in the urban areas of Greece, the new German Länder, southern Belgium, northern and southern France, northern and southern Spain and southern Italy. On the other hand, the areas least affected...are found in central and southern Britain, the Netherlands, Austria, northern Belgium, the old German Länder, northern and central Italy and along the Adriatic coast. Where figures are available, unemployment levels are also very low in Portuguese urban areas."

### Diversity within countries

Eurostat says the contrasts in unemployment between EU urban areas are considerable "and bear witness to the diverse and profound socio-economic inequality in Europe", adding:

"If we consider the situation within each country, the same applies. For instance,

in Italy the level of unemployment is five times higher in the urban agglomerations of Campania than in those of Veneto. In Belgium the largest variation is between the urban areas of Vlaams-Brabant, with under 5%, and those of Hainaut, where the rate exceeds 18%."

1 Eurostat Statistics in focus, Regions, no 4/98, Unemployment in the urban areas of the EU.

2 An urban agglomeration is regarded for the purpose of this analysis as equivalent to the 'densely-populated area' used in the LFS. This has a population of more than 50,000 and comprises adjacent local units each with a population density of 500+ per sq km. It might nevertheless contain units with a lower density so long as they fall entirely within the area.

Source: Eurostat, News release N° 91/98

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